

CENTRAL COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2013

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2012 Annual Meeting)		
Kevin Lau	President	2013
Kristin Fitzgerald	Vice President	2015
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
Jolene Jansen	Board Member	2015
Todd Lenth	Board Member	2015
(After September 2012 Annual Meeting)		
Kristin Fitzgerald	President	2015
Jolene Jansen	Vice President	2015
Kevin Lau	Board Member	2013
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
Todd Lenth	Board Member	2015
School Officials		
Allan Nelson	Superintendent	2013
Joyce Piorkowski	District Secretary/Treasurer and Business Manager	Indefinite
Brett Nitzschke	Attorney	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

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Independent Auditor's Report

To the Board of Education of
Central Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 16 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2013 on our consideration of Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Community School District's internal control over financial reporting and compliance.

Elkader, Iowa

October 4, 2013

Dietz, Donald & Company

Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

General Fund revenues decreased from \$ 5,450,656 in fiscal 2012 to \$ 5,334,910 in fiscal 2013, while General Fund expenditures increased from \$ 4,853,708 in fiscal 2012 to \$ 5,126,660 in fiscal 2013. The District's General Fund balance increased from \$ 1,221,476 at the end of fiscal year 2012 to \$ 1,429,726 at the end of fiscal year 2013, a 17.0% increase.

The decrease in General Fund revenues was due primarily to a decrease in property taxes. The increase in expenditures was due primarily to increases in special education expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the major non-governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. In the Private-Purpose Trust Fund, the District accounts for outside donations for scholarships for individual students.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net position at June 30, 2013 compared to June 30, 2012 is provided below:

Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30		June 30		June 30		June 30
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 5,217	4,875	81	82	5,298	4,957	6.9%
Capital assets	2,512	2,372	27	30	2,539	2,402	5.7%
Total assets	7,729	7,247	108	112	7,837	7,359	6.5%
Long-term liabilities	118	63	3	0	121	63	92.1%
Other liabilities	2,869	2,893	7	6	2,876	2,899	-0.8%
Total liabilities	2,987	2,956	10	6	2,997	2,962	1.2%
Net position:							
Invested in capital assets	2,512	2,372	27	30	2,539	2,402	5.7%
Restricted	1,024	877	0	0	1,024	877	16.8%
Unrestricted	1,206	1,042	71	76	1,277	1,118	14.2%
Total net position	\$ 4,742	4,291	98	106	4,840	4,397	10.1%

The District's combined net position increased 10.1%, or approximately \$ 443,000 over the prior year. The largest portion of the District's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment).

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$ 147,000, or 16.8% over the prior year. The increase was primarily due to an increase in net position restricted for management levy purposes.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$ 159,000 or 14.2%.

The following schedule shows the change in net assets for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Changes in Net Position (Expressed in Thousands)								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	2012-13	
Revenues:								
Program revenues:								
Charges for service	\$ 629	466	123	132	752	598	25.8%	
Operating grants and								
Contributions	833	990	117	104	950	1,094	-13.2%	
General revenues:								
Property tax	2,174	2,155	0	0	2,174	2,155	0.9%	
State-wide sales and								
Services and use tax	403	365	0	0	403	365	10.4%	
Income tax surtax	226	240	0	0	226	240	-5.8%	
Unrestricted state grants	1,997	1,979	0	0	1,997	1,979	0.9%	
Unrestricted investment								
Earnings	23	22	0	0	23	22	4.5%	
Other	26	55	1	0	27	55	-50.9%	
Total revenues	6,311	6,272	241	236	6,552	6,508	0.7%	
Program expenses:								
Governmental activities:								
Instruction	3,882	3,621	0	0	3,882	3,621	7.2%	
Support services	1,602	1,609	5	3	1,607	1,612	-0.3%	
Non-instructional programs	0	0	244	226	244	226	8.0%	
Other expenses	376	409	0	0	376	409	-8.1%	
Total expenses	5,860	5,639	249	229	6,109	5,868	4.1%	
Increase (decrease) in net position	451	633	(8)	7	443	640	-30.8%	
Net position beginning of year	4,291	3,658	106	99	4,397	3,757	17.0%	
Net position end of year	\$ 4,742	4,291	98	106	4,840	4,397	10.1%	

In fiscal 2013, property tax and unrestricted state grants accounted for 66.1% of governmental activities revenue while charges for service and operating grants accounted for 99.6% of business type activities revenue.

The District's total revenues were approximately \$ 6.55 million of which approximately \$ 6.31million was for governmental activities and approximately \$ 241,000 was for business type activities.

As shown on the previous page, the District as a whole experienced a 0.7% increase in revenues and a 4.1% increase in expenses. Property taxes increased approximately \$ 19,000, while unrestricted state grants increased approximately \$ 18,000. The increase in expenses is related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$ 6,310,970 and expenses were \$ 5,859,662. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues..

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, and other expenses for the year ended June 30, 2013 compared to the year ended June 30, 2012..

Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 3,882	3,621	7.2%	\$ 2,700	2,382	13.4%
Support services	1,602	1,609	-0.4%	1,522	1,593	-4.5%
Other expenses	376	409	-8.1%	176	208	-15.4%
Total	\$ 5,860	5,639	3.9%	\$ 4,398	4,183	5.1%

For the year ended June 30, 2013:

The cost financed by users of the District's programs was \$ 629,135.

Federal and state governments subsidized certain programs with grants and contributions totaling \$ 832,695.

The net cost of governmental activities was financed with \$ 2,803,083 in property and other taxes and \$ 1,996,934 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2013 were \$ 240,406 representing an 1.9% increase over the prior year, while expenses totaled \$ 248,687, an 8.8% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2013, its governmental funds reported combined fund balances of \$ 2,347,775, well above last year's ending fund balances of \$ 1,981,692.

Governmental Fund Highlights

The General Fund balance increased from \$ 1,221,476 to \$ 1,429,726. Revenues decreased \$ 115,746, while expenditures increased \$ 272,952.

The Capital Projects Fund balance increased from \$ 564,814 to \$ 579,975. Revenues increased \$ 24,539, while expenditures decreased \$ 236,293, due primarily to the purchase of student tablets in 2012.

Proprietary Fund Highlights

School Nutrition fund net position decreased from \$ 106,367 at June 30, 2012 to \$ 98,086 at June 30, 2013, representing a decrease of approximately 7.8%. For fiscal 2013, the District's revenues increased \$ 4,376, however expenses showed an increase of \$ 20,058.

BUDGETARY HIGHLIGHTS

Over the course of the year, Central Community School District did not amend its budget. The District's total revenues were \$ 266,066 more than total budgeted revenues, a variance of approximately 4%, due primarily to increases in income tax surtaxes and special education tuition.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum

authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested approximately \$ 2.5 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net increase of 5.7% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$ 257,328.

The original cost of the District's capital assets was nearly \$ 6.2 million. Governmental funds account for \$ 6.1 million with the remainder of approximately \$ 0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the building category, which increased \$ 281,376 due to approximately \$ 233,000 being spent on remodeling the music building.

Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	2012-13
	2013	2012	2013	2012	2013	2012	
Land	\$ 163	163	0	0	163	163	0.0%
Buildings	1,858	1,681	0	0	1,858	1,681	10.5%
Improvements other than Building	75	92	0	0	75	92	-18.5%
Furniture and equipment	416	436	27	30	443	466	-4.9%
Total	\$ 2,512	2,372	27	30	2,539	2,402	5.7%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue. Taxable valuations in the District increased 4.3% to \$ 154,387,531.

Budgeted disbursements for fiscal year 2014 are \$ 335,665 less than the budgeted amount for fiscal 2013, a 4.6% decrease. The property tax rate for 2014 is 13.41051 per \$1000 taxable valuation, an 8.4% decrease from fiscal 2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,719,158	67,343	2,786,501
Receivables:			
Property tax:			
Delinquent	31,602	-	31,602
Succeeding year	1,975,435	-	1,975,435
Succeeding year income tax surtax	240,165	-	240,165
Accounts	74,718	2,741	77,459
Due from other governments	175,811	-	175,811
Inventories	-	11,160	11,160
Prepaid expenses	220	-	220
Capital assets net of accumulated depreciation	2,511,719	26,802	2,538,521
TOTAL ASSETS	7,728,828	108,046	7,836,874
LIABILITIES			
Accounts payable	269,503	643	270,146
Salaries and benefits payable	384,231	1,826	386,057
Deferred revenue:			
Succeeding year:			
Property tax	1,975,435	-	1,975,435
Income tax surtax	240,165	-	240,165
Other	-	4,352	4,352
Long-term liabilities:			
Portion due within one year:			
Compensated absences	7,824	-	7,824
Termination benefits	7,259	-	7,259
Portion due after one year:			
Termination benefits	1,842	-	1,842
Net OPEB liability	100,456	3,139	103,595
TOTAL LIABILITIES	2,986,715	9,960	2,996,675
NET POSITION			
Net investment in capital assets	2,511,719	26,802	2,538,521
Restricted for:			
Categorical funding	114,862	-	114,862
Management levy purposes	197,082	-	197,082
Student activities	131,891	-	131,891
School infrastructure	495,701	-	495,701
Physical plant and equipment	84,274	-	84,274
Unrestricted	1,206,584	71,284	1,277,868
TOTAL NET POSITION	\$ 4,742,113	98,086	4,840,199

See notes to financial statements.

Exhibit B

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

FUNCTIONS/PROGRAMS: Governmental activities:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Instruction:						
Regular	\$ 2,419,868	366,628	367,807	(1,685,433)	-	(1,685,433)
Special	1,002,096	99,752	177,581	(724,763)	-	(724,763)
Other	460,133	145,336	25,142	(289,655)	-	(289,655)
	3,882,097	611,716	570,530	(2,699,851)	-	(2,699,851)
Support services:						
Student	118,451	14,226	36,250	(67,975)	-	(67,975)
Instructional staff	170,376	-	1,527	(169,049)	-	(169,049)
Administration	614,344	-	22,873	(591,471)	-	(591,471)
Plant operation and maintenance	309,662	2,836	-	(306,826)	-	(306,826)
Transportation	389,068	357	2,500	(386,211)	-	(386,211)
	1,601,901	17,419	62,950	(1,521,532)	-	(1,521,532)
Non-instructional programs	9	-	-	(9)	-	(9)
Other expenditures:						
Facilities acquisition	71,337	-	-	(71,337)	-	(71,337)
AEA flowthrough	199,215	-	199,215	-	-	-
Depreciation (unallocated)	105,103	-	-	(105,103)	-	(105,103)
	375,655	-	199,215	(176,440)	-	(176,440)
Total governmental activities	5,859,662	629,135	832,695	(4,397,832)	-	(4,397,832)
Business type activities:						
Support services:						
Instructional staff	2,708	-	-	-	(2,708)	(2,708)
Plant operation and maintenance	1,819	-	-	-	(1,819)	(1,819)
	4,527	-	-	-	(4,527)	(4,527)
Non-instructional programs:						
Food service operations	244,160	123,255	116,309	-	(4,596)	(4,596)
	248,687	123,255	116,309	-	(9,123)	(9,123)
Total business type activities		732,390	949,004	(4,397,832)	(9,123)	(4,406,955)
TOTAL	\$ 6,108,349					

(continued)

Exhibit B
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	Net Expense (Revenue) and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES:			
Property tax levied for:			
General purposes	2,064,993	-	2,064,993
Capital outlay	108,700	-	108,700
Statewide sales, service and use tax	402,948	-	402,948
Income tax surtax	226,442	-	226,442
Unrestricted state grants	1,996,934	-	1,996,934
Unrestricted investment earnings	23,212	81	23,293
Other	25,911	761	26,672
Total general revenues	4,849,140	842	4,849,982
Change in net position	451,308	(8,281)	443,027
Net position beginning of year	4,290,805	106,367	4,397,172
Net position end of year	\$ 4,742,113	98,086	4,840,199

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and cash equivalents	\$ 1,873,000	508,472	337,686	2,719,158
Receivables:				
Property tax:				
Delinquent	25,731	1,497	4,374	31,602
Succeeding year	1,550,495	131,844	293,096	1,975,435
Succeeding year income tax surtax	192,132	48,033	-	240,165
Accounts	74,718	-	-	74,718
Due from other funds	45,288	-	-	45,288
Due from other governments	50,320	125,491	-	175,811
Prepaid expenses	220	-	-	220
TOTAL ASSETS	\$ 3,811,904	815,337	635,156	5,262,397
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 256,863	10,197	2,443	269,503
Salaries and benefits payable	382,688	-	1,543	384,231
Due to other funds	-	45,288	-	45,288
Deferred revenue:				
Succeeding year:				
Property tax	1,550,495	131,844	293,096	1,975,435
Income tax surtax	192,132	48,033	-	240,165
Total liabilities	2,382,178	235,362	297,082	2,914,622
Fund balances:				
Restricted for:				
Categorical funding	114,862	-	-	114,862
Management levy purposes	-	-	206,183	206,183
Student activities	-	-	131,891	131,891
School infrastructure	-	495,701	-	495,701
Physical plant and equipment	-	84,274	-	84,274
Unassigned	1,314,864	-	-	1,314,864
Total fund balances	1,429,726	579,975	338,074	2,347,775
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,811,904	815,337	635,156	5,262,397

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total fund balances of governmental funds (page 21)	\$ 2,347,775
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are- not financial resources and, therefore, are not reported as assets in the governmental funds	2,511,719
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Long-term liabilities, including compensated absences, termination benefits payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(117,381)</u>
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Net position of governmental activities (page 18)	<u><u>\$ 4,742,113</u></u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,991,402	511,648	300,033	2,803,083
Tuition	442,917	-	-	442,917
Other	79,955	9,776	152,310	242,041
State sources	2,674,708	75	218	2,675,001
Federal sources	145,928	-	-	145,928
Total revenues	5,334,910	521,499	452,561	6,308,970
Expenditures:				
Current:				
Instruction:				
Regular	2,317,226	777	66,837	2,384,840
Special	1,002,199	-	-	1,002,199
Other	306,200	-	133,888	440,088
	3,625,625	777	200,725	3,827,127
Support services:				
Student	116,130	-	-	116,130
Instructional staff	97,496	30,322	-	127,818
Administration	526,019	39,002	45,601	610,622
Plant operation and maintenance	270,869	5,892	34,957	311,718
Transportation	291,306	77,623	28,606	397,535
	1,301,820	152,839	109,164	1,563,823
Non-instructional programs	-	9	-	9
Other expenditures:				
Facilities acquisition	-	352,713	-	352,713
AEA flow through	199,215	-	-	199,215
	199,215	352,713	-	551,928
Total expenditures	5,126,660	506,338	309,889	5,942,887
Excess of revenues over expenditures	208,250	15,161	142,672	366,083
Fund balances beginning of year	1,221,476	564,814	195,402	1,981,692
Fund balances end of year	\$ 1,429,726	579,975	338,074	2,347,775

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2013

Net change in fund balances-total governmental funds (page 23)	\$ 366,083
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 391,432	
Trade in allowance	2,000	
Depreciation expense	<u>(253,805)</u>	139,627

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. Differences between the Statement of Activities and governmental funds are as follows:

Termination benefits	14,302	
Compensated absences	(472)	
Other postemployment benefits	<u>(68,232)</u>	(54,402)

Change in net position of governmental activities (page 20)	<u>\$ 451,308</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2013

	<u>School Nutrition</u>
ASSETS	
Cash	\$ 67,343
Accounts receivable	2,741
Inventories	11,160
Capital assets, net of accumulated depreciation	<u>26,802</u>
TOTAL ASSETS	<u>108,046</u>
LIABILITIES	
Accounts payable	643
Salaries and benefits payable	1,826
Deferred revenue	4,352
Net OPEB liability	<u>3,139</u>
TOTAL LIABILITIES	<u>9,960</u>
NET POSITION	
Invested in capital assets, net of contributed capital	9,276
Contributed capital	17,526
Unrestricted	<u>71,284</u>
TOTAL NET POSITION	<u>\$ 98,086</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 123,255
Other	761
	<u>124,016</u>
Operating expenses:	
Support services:	
Instructional staff	2,708
Plant operation and maintenance	1,819
	<u>4,527</u>
Non-instructional programs:	
Food service operations:	
Salaries	88,558
Benefits	19,443
Supplies	131,530
Miscellaneous	1,106
Depreciation	3,523
	<u>244,160</u>
Total operating expenses	248,687
Operating loss	<u>(124,671)</u>
Non-operating revenues:	
State sources	2,089
Federal sources	114,220
Interest income	81
Total non-operating revenues	<u>116,390</u>
Net loss	(8,281)
Net position beginning of year	106,367
Net position end of year	<u>\$ 98,086</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sales of lunches and breakfasts	\$ 122,207
Miscellaneous cash received	761
Cash paid to employees for services	(104,395)
Cash paid to suppliers for goods and services	(122,149)
Net cash used by operating activities	<u>(103,576)</u>
Cash flows from non-capital financing activities:	
State grants received	2,089
Federal grants received	97,659
Net cash provided by non-capital financing activities	<u>99,748</u>
Cash flows from investing activities:	
Interest on investments	81
Net decrease in cash	(3,747)
Cash beginning of year	71,090
Cash end of year	<u>\$ 67,343</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (124,671)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Commodities used	17,061
Depreciation	3,523
Increase in accounts receivable	(1,498)
Increase in inventories	(2,492)
Increase in accounts payable	445
Increase in salaries and benefits payable	1,677
Increase in deferred revenue	450
Increase in other post employment benefits	1,929
Net cash used by operating activities	<u>\$ (103,576)</u>

Non-cash operating and non-capital financing transactions:

During the year ended June 30, 2013, the District received
\$ 17,061 of federal commodities.

See notes to financial statement.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2013

	Private Purpose Trust
	<u>Scholarships</u>
ASSETS	
Cash and cash equivalents	\$ 26,161
LIABILITIES	
None	<u>-</u>
NET POSITION	
Reserved for scholarships	<u>\$ 26,161</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2013

	Private Purpose Trust <u>Scholarships</u>
Additions:	
Local sources:	
Investment income	101
Deductions:	
Support services:	
Scholarships awarded	<u>1,012</u>
Change in net position	(911)
Net position beginning of year, as restated	<u>27,072</u>
Net position end of year	<u>\$ 26,161</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is

received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Boards of Supervisors in April 2012.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially

extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax and income tax receivable that will not be recognized as revenue until the year for which it is levied or assessed and lunch fees collected in advance.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in restricted.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Cash Equivalents**

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payable at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 45,288</u>

The Capital Projects Fund is repaying the General Fund for Physical Plant and Equipment Levy expenditures made by the General Fund during the year. The balance is to be repaid by June 30, 2014.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>Beginning</u>		<u>End</u>
	<u>Of Year</u>	<u>Increases</u>	<u>Decreases</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 163,000	0	0 163,000
Capital assets being depreciated:			
Buildings	3,637,001	281,376	0 3,918,377
Improvements other than buildings	126,858	0	0 126,858
Furniture and equipment	1,935,929	112,056	0 2,047,985
Total capital assets being depreciated	5,699,788	393,432	0 6,093,220
Less accumulated Depreciation for:			
Buildings	1,955,612	105,103	0 2,060,715
Improvements other than buildings	34,852	16,729	0 51,581
Furniture and equipment	1,500,232	131,973	0 1,632,205
Total accumulated depreciation	3,490,696	253,805	0 3,744,501

Total capital assets being depreciated, net	<u>2,209,092</u>	<u>139,627</u>	<u>0</u>	<u>2,348,719</u>
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Governmental activities				
Capital assets, net	<u>\$ 2,372,092</u>	<u>139,627</u>	<u>0</u>	<u>2,511,719</u>

Business type activities:				
Furniture and equipment	\$ 100,823	0	0	100,823
Less accumulated depreciation	<u>70,498</u>	<u>3,523</u>	<u>0</u>	<u>74,021</u>

Business type activities				
Capital assets, net	<u>\$ 30,325</u>	<u>(3,523)</u>	<u>0</u>	<u>26,802</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 3,996
Special		1,965
Other		16,579
Support services:		
Instructional staff		57,202
Administration		989
Plant operation and maintenance		372
Transportation		<u>67,599</u>
		148,702
Unallocated		<u>105,103</u>
Total depreciation expense - governmental activities		<u>\$ 253,805</u>
Business type activities		
Food service operations		<u>\$ 3,523</u>

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Termination benefits \$	23,403	0	14,302	9,101	7,259
Compensated absences	7,352	7,824	7,352	7,824	7,824

Net OPEB liability	32,224	68,232	0	100,456	0
Total	<u>\$ 62,979</u>	<u>76,056</u>	<u>21,654</u>	<u>117,381</u>	<u>15,083</u>
Business type activities:					
Net OPEB liability	<u>\$ 1,210</u>	<u>1,929</u>	<u>0</u>	<u>3,139</u>	<u>0</u>

Termination Benefits

In December, 2009, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year. Eligible employees had to have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees had to be at least half time to qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the school district's health insurance plan. The school district will pay up to \$ 300 per month towards this group insurance.

At June 30, 2013, the District had obligations to three participants with a total liability of \$ 9,101. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$ 14,302.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$ 258,222 \$ 240,506, and \$ 211,015, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 50 active and 14 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay all of premiums in excess of their explicit benefit of \$ 300 per month, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 153,858
Interest on net OPEB obligation	836
Adjustment to annual required contribution	<u>(4,503)</u>
Annual OPEB cost	150,191
Contributions made	<u>80,030</u>
Increase in net OPEB obligation	70,161
Net OPEB obligation beginning of year	<u>33,434</u>
Net OPEB obligation end of year	<u>\$ 103,595</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$ 577,587 to the medical plan. Plan members eligible for benefits contributed \$ 72,829, or 11% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 96,492	91.1%	\$ 11,052
2012	98,494	77.3	33,434
2013	150,194	53.3	103,595

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$ 889,000 with no actuarial accrued value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 889,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$ 2.238 million and the ratio of the UAAL to covered payroll was 39.7%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress of the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual and ultimate medical trend rates are 6%.

Mortality rates are from the 95 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$ 596 per month for retirees less than 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on a closed group basis over 30 years.

(8) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 199,215 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Related Party Transactions

The District had business transactions totaling \$ 10,148 between the District and District employees and officials during the year ended June 30, 2013.

(11) Non-cash Transactions

The District received a trade-in allowance of \$ 2,000 for a 1999 bus traded in on the purchase of a 2013 bus.

(12) Restatement of Fiduciary Net Position, Beginning of Year

The fiduciary net position, beginning of year was increased \$ 25,072 to include scholarship funds received in a previous year.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2013

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts	Budgeted Amounts to Actual Variance
Revenues:					
Local sources	\$ 3,488,041	124,097	3,612,138	3,359,286	252,852
State sources	2,673,001	2,089	2,677,090	2,704,224	(27,134)
Federal sources	145,928	114,220	260,148	219,800	40,348
Total revenues	6,308,970	240,406	6,549,376	6,283,310	266,066
Expenditures/Expenses:					
Instruction	3,827,127	-	3,827,127	3,969,035	141,908
Support services	1,563,823	4,527	1,568,350	1,846,978	278,628
Non-instructional programs	9	244,160	244,169	371,948	127,779
Other expenditures	551,928	-	551,928	1,112,235	560,307
Total expenditures/expenses	5,942,887	248,687	6,191,574	7,300,196	1,108,622
Excess (deficiency) of revenues over (under) expenditures/expenses	366,083	(8,281)	357,802	(1,016,886)	1,374,688
Balances beginning of year	1,981,692	106,367	2,088,059	1,234,801	853,258
Balances end of year	\$ 2,347,775	98,086	2,445,861	217,915	2,227,946

See accompanying independent auditor's report and notes to required supplementary information-budgetary reporting.

Central Community School District

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAA) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAA as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 1,053	1,053	0.0%	2,715	38.8%
2011	Jul 1, 2009	-	937	937	0.0	2,541	36.9
2012	Jul 1, 2009	-	815	815	0.0	2,785	29.3
2013	Jul 1, 2012	-	889	889	0.0	2,238	39.7

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and cash equivalents	\$ 201,809	135,877	337,686
Receivables:			
Property tax:			
Delinquent	4,374	-	4,374
Succeeding year	293,096	-	293,096
TOTAL ASSETS	\$ 499,279	135,877	635,156
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	2,443	2,443
Salaries and benefits payable	-	1,543	1,543
Deferred revenue:			
Succeeding year property tax	293,096	-	293,096
Total liabilities	293,096	3,986	297,082
Fund balances:			
Restricted for:			
Management levy purposes	206,183	-	206,183
Student activities	-	131,891	131,891
Total fund balances	206,183	131,891	338,074
TOTAL LIABILITIES AND FUND BALANCES	\$ 499,279	135,877	635,156

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 300,033	-	300,033
Other	4,098	148,212	152,310
State sources	218	-	218
Total revenues	304,349	148,212	452,561
Expenditures:			
Current:			
Instruction:			
Regular	66,837	-	66,837
Other	-	133,888	133,888
Support services:			
Administration	45,601	-	45,601
Plant operation and maintenance	34,957	-	34,957
Transportation	11,494	17,112	28,606
Total expenditures	158,889	151,000	309,889
Excess (deficiency) of revenues over (under) expenditures	145,460	(2,788)	142,672
Fund balances beginning of year	60,723	134,679	195,402
Fund balances end of year	\$ 206,183	131,891	338,074

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 66,179	8,401	16,861	57,719
Reading Is Fundamental	4,071	1,240	1,927	3,384
Elementary Fundraisers	7,285	10,545	5,747	12,083
Central Volunteer Organizations	233	-	70	163
Elementary Art	108	-	-	108
Elementary Activities	151	-	-	151
Elementary Curriculum	234	-	-	234
Drama	6,112	3,321	2,709	6,724
Music Department Dry Cleaning	-	1,094	1,019	75
Instrumental Music	-	100	200	(100)
Intramural Athletics	-	4,986	4,986	-
Co-ed Athletics	-	375	375	-
Track	-	4,165	4,165	-
Cross Country	-	2,444	2,444	-
Golf	-	1,164	1,164	-
Boys Basketball	-	3,275	3,275	-
Football	-	10,025	10,025	-
Baseball	-	3,072	3,072	-
Wrestling	-	1,069	1,069	-
Girls Basketball	-	3,671	3,671	-
Volleyball	-	3,573	3,573	-
Softball	-	5,790	5,790	-
FFA	8,941	10,083	10,144	8,880
Food and Fitness Club	3,417	5,644	5,442	3,619
Kellogg Grant	642	-	-	642
NEIFF Grant	4	-	-	4
4H Grant	376	-	-	376
Wellness Fund	33	-	-	33
Luther Great Garden	762	-	18	744
Interactive	267	-	24	243
Accounting Mentors	280	-	-	280
6-12 Fundraiser	-	1,500	882	618
Middle School Counselors	376	585	884	77
KRA	24	-	-	24
National Honor Society	146	-	-	146
Media	6,636	3,569	2,433	7,772
Yearbook	2,720	7,826	6,960	3,586
Athletic Boosters	11,399	12,226	13,767	9,858
Student Council	216	602	447	371

(continued)

Schedule 3
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Spanish Club	3,923	21,611	23,347	2,187
Cheerleaders	1,111	963	1,313	761
Class of 2016	-	4,302	2,123	2,179
Class of 2015	2,917	1,525	622	3,820
Class of 2014	2,735	6,724	6,707	2,752
Class of 2013	3,241	1,286	2,149	2,378
Class of 2012	140	-	140	-
Milk/Juice Sales	-	1,456	1,456	-
Total	\$ 134,679	148,212	151,000	131,891

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT. ACCOUNTS
June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash	\$ 378,398	130,074	508,472
Receivables:			
Property tax:			
Delinquent	-	1,497	1,497
Succeeding year	-	131,844	131,844
Succeeding year income tax surtax	-	48,033	48,033
Due from other governments	125,491	-	125,491
TOTAL CURRENT ASSETS	\$ 503,889	311,448	815,337
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,188	2,009	10,197
Due to other funds	-	45,288	45,288
Deferred revenue:			
Succeeding year property tax	-	131,844	131,844
Succeeding year income tax surtax	-	48,033	48,033
Total liabilities	8,188	227,174	235,362
Fund balances:			
Restricted for:			
School infrastructure	495,701	-	495,701
Physical plant and equipment	-	84,274	84,274
Total fund balances	495,701	84,274	579,975
TOTAL LIABILITIES AND FUND BALANCES	\$ 503,889	311,448	815,337

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 Year Ended June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 402,948	108,700	511,648
Other	7,832	1,944	9,776
State sources	-	75	75
Total revenues	410,780	110,719	521,499
Expenditures:			
Instruction:			
Regular	777	-	777
Supporting services :			
Instructional staff	295	30,027	30,322
Administration	4,006	34,996	39,002
Plant operation and maintenance	5,892	-	5,892
Transportation	39,590	38,033	77,623
Non-instructional program	9	-	9
Other expenditures			
Facilities acquisition	352,713	-	352,713
Total expenditures	403,282	103,056	506,338
Excess of revenues over expenditures	7,498	7,663	15,161
Fund balances beginning of year	488,203	76,611	564,814
Fund balances end of year	\$ 495,701	84,274	579,975

See accompanying independent auditor's report.

Schedule 6

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 2,803,083	2,760,052	2,574,392	2,593,979	2,385,369	2,375,929	2,297,859	2,105,807	2,237,329	2,045,458
Tuition	442,917	315,972	303,764	293,837	216,235	241,471	241,353	221,079	185,009	188,036
Other	242,041	237,760	357,683	252,437	308,971	300,362	245,550	191,932	175,084	228,800
Intermediate sources	-	-	-	-	-	-	-	1,330	1,509	-
State sources	2,675,001	2,722,479	2,786,934	2,386,873	3,024,805	2,804,434	2,534,176	2,504,532	2,495,563	2,298,034
Federal sources	145,928	232,193	402,863	450,479	355,728	173,505	211,282	171,406	196,002	155,688
Total	\$ 6,308,970	6,266,456	6,425,636	5,977,605	6,291,108	5,895,701	5,530,220	5,196,086	5,290,496	4,916,016
Expenditures:										
Instruction:										
Regular	\$ 2,384,840	2,416,396	2,515,292	2,571,380	2,593,177	2,488,222	2,350,560	2,261,741	2,212,440	2,171,150
Special	1,002,199	771,608	768,914	786,060	760,669	752,180	654,103	572,937	484,282	625,832
Other	440,088	423,504	477,229	455,180	468,939	487,127	461,004	429,072	518,944	496,360
Support services:										
Student	116,130	114,965	146,115	177,620	136,138	147,063	137,099	132,861	126,412	131,133
Instructional										
staff	127,818	319,071	253,731	153,965	161,727	129,900	128,973	160,749	156,287	176,439
Administration	610,622	580,971	544,106	537,541	573,173	605,717	595,943	505,812	479,063	493,333
Plant operation and maintenance	311,718	307,009	350,235	345,451	350,744	375,500	382,394	379,627	366,882	353,982
Transportation	397,535	381,871	340,265	361,676	324,587	379,095	309,339	298,568	253,009	263,890
Non-instructional programs	9	360	7,807	12,769	-	190	-	-	-	-
Other expenditures:										
Facilities										
acquisition	352,713	381,616	333,674	278,144	481,134	268,209	373,258	131,181	216,419	188,047
Long-term debt:										
Principal	-	-	-	-	64,419	49,323	36,762	-	-	-
Interest and other charges	-	-	-	-	1,142	3,733	4,657	-	-	-
AEA flowthrough	199,215	199,737	226,317	224,868	210,145	198,370	186,279	180,395	180,137	181,770
Total	\$ 5,942,887	5,897,108	5,963,685	5,904,654	6,125,994	5,884,629	5,620,371	5,052,943	4,993,875	5,081,936

See accompanying independent auditor's report.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Central Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Community School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community School District's Responses to Findings

Central Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Central Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

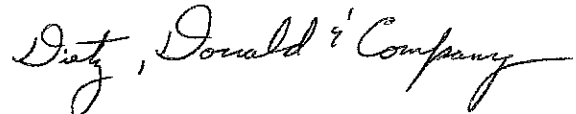
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

October 4, 2013

A handwritten signature in cursive script that reads "Dietz, Donald & Company".

Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

Part I: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES IN INTERNAL CONTROL:

No material weaknesses were identified.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II: Other Findings Related to Statutory Reporting:

II-A-13 **Certified Budget** - Expenditures for the year ended June 30, 2013 did not exceed the amounts budgeted.

II-B-13 **Questionable Disbursements** - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 **Travel Expenses** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Raymond Piorkowski, spouse of Business manager, employee of Elkader Carpet & Design Center	Blinds, repairs, flooring and carpeting	<u>\$ 10,148</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

II-E-13 **Bond Coverage** - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

II-F-13 **Board Minutes** - No transactions were found that we believe should have been recorded in the Board Minutes but were not.

II-G-13 **Certified Enrollment** - Variances in the basic enrollment data certified to the Iowa Department of Education were noted.

Recommendation: The District should take care that the certified enrollment data is accurate.

Response: We did not remove an exchange student from the prior year. We will be certain to do this in the future.

Conclusion: Response accepted.

II-H-13 **Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-13 **Deposits and Investments** - No instances of non-compliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

II-J-13 **Certified Annual Report** - The Certified Annual Report was certified timely to the Iowa Department of Education.

II-K-13 **Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

II-L-13 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

II-L-13 **Statewide Sales, Services and Use Tax** (continued)

Beginning Balance		\$ 488,203
Revenues:		
Sales tax revenue	\$ 402,948	
Other local revenues	<u>7,832</u>	<u>410,780</u>
		898,983
Expenditures:		
School infrastructure construction	\$ 352,713	
Equipment	<u>50,569</u>	<u>403,282</u>
Ending Balance		<u>\$ 495,701</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-13 **Electronic Check Retention** - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District does not receive an image of the back of each cancelled check for the Hot Lunch and Activity checking accounts.

Recommendation: The District should obtain and retain images of both the front and back of cancelled checks for all accounts as required by Chapter 554D.114 of the Code of Iowa.

Response: We will contact the bank to begin doing this.

Conclusion: Response accepted.